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**TAX PREPARER CONVICTED OF ASSISTING IN THE PREPARATION OF
SCORES OF FALSE TAX RETURNS**

SACRAMENTO - United States Attorney McGregor W. Scott and Roger L. Wirth, Special Agent in Charge of IRS Criminal Investigation, announced today the conviction of tax preparer STEVE LUNGAT TACANG, 58, of Vallejo, California, for assisting in the preparation of over 480 false tax returns.

This case was the product of extensive investigation by special agents of the Internal Revenue Service (IRS) Criminal Investigation Division.

Defendant STEVE TACANG entered a guilty plea this morning before United States District Judge Garland E. Burrell, Jr., to two counts of aiding and assisting in the preparation of false tax returns. According to Assistant United States Attorney S. Robert Tice-Raskin, who is prosecuting the case, TACANG was the principal owner and operator of EST Enterprise, a tax preparation business which operated in Vallejo, California. Between 2002 and 2004, TACANG prepared over 480 returns for scores of taxpayers containing false deduction information related to donations, unreimbursed employee expenses, safe deposit box fees and moving expenses.

For example, defendant TACANG prepared U.S. Individual Income Tax Returns, Forms 1040, for the tax years 2001 and 2002, for one taxpayer claiming Schedule A deductions for gifts (for \$4,450 and 6,341, respectively), employee expenses (for \$4,744 and 4,420, respectively) and a safe deposit box (for \$60 both years). When interviewed by IRS, however, the taxpayer revealed that the deductions listed on the return were false: the taxpayer did not make any donations for the tax years 2001-2002 and did not give TACANG any information regarding donations. The taxpayer had already been reimbursed for most, if not all, of his business expenses for 2001 and 2002, and did not give TACANG information regarding unreimbursed employee expenses for those years; and, the taxpayer did not have a safe deposit box for those tax years.

As part of the investigation, IRS agents, acting in an undercover capacity, requested TACANG to prepare a tax return on their behalf. Agents simply gave him Form W-2s (for their purported wages) and said nothing about deductions. TACANG then prepared a return which claimed, among other things, a deduction for charitable donations (including a church donation and Goodwill donation). The agents subsequently told TACANG they did not go to church. TACANG replied, "shhh" and that they were authorized to deduct 10% of their gross income, but that he did not deduct more than 5-7% because there were no receipts. Agents also pointed out that they made no Goodwill donations. TACANG replied that Congress decreed that no receipts were necessary for donations to Goodwill. In response to the agents' question whether the deductions were good, he replied, "Good to go."

According to IRS Criminal Investigation Special Agent in Charge, Roger L. Wirth, "Tacang's guilty plea demonstrates that the filing of false and fraudulent tax returns and tax evasion are serious crimes with serious consequences. This case also shows that fraudulent tax preparation schemes utilizing false and inflated deductions cost the government millions of dollars each year. IRS Criminal Investigation will aggressively investigate those who intentionally cause the preparation and filing of false tax returns. Taxpayers should be very careful in choosing their tax professional."

As part of the plea agreement, TACANG has expressly agreed to pay restitution to the IRS in the amount of \$896,045, for the tax loss caused by his conduct.

Sentencing is set for December 1, 2006 at 9:00 a.m. before Judge Burrell. The maximum sentence for the offenses of which TACANG was convicted is 6 years imprisonment and a fine of \$500,000.

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